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SUMMARY RECORD OF THE 56th MEETING

Chairman: Mr. VILCHEZ ASHER (Nicaragua)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.15 p.m.

ORGANIZATION OF WORK

1. The CHAIRMAN invited the Committee to consider the tentative programme of work for the second part of the resumed fiftieth session.

2. Ms. RODRIGUEZ ABASCAL (Cuba) said that the Committee should defer its consideration of the report of the Secretary-General on reform of the internal system of justice until it had received the views of the Sixth Committee.

3. The CHAIRMAN said that the matter was the subject of ongoing informal consultations.

4. Mr. MANCINI (Italy), speaking on behalf of the European Union, welcomed the inclusion of the financing of the missions operating in the territory of the former Yugoslavia in the first week. Despite their importance, those missions were operating on the basis of commitment authority without full financing and without complete assessment of the funds authorized. At the first part of the resumed session the Committee had decided to undertake a detailed review of the cost estimates for those missions for the period 1 January-30 June 1996 by 10 May. Accordingly he wished to know what the Bureau intended to do to ensure prompt action, since, as matters stood, financing would not be approved until the end of May.

5. Mr. ACAKPO SATCHIVI (Secretary of the Committee) said that the Advisory Committee's report on the four missions had not yet been issued, and that the Committee could not take action without that report. The Bureau would see whether it would be possible to rearrange the programme to expedite consideration of the matter.

6. Mr. ABELIAN (Armenia) noted that the current commitment authority of $100 million provided financing until the end of May.

7. Ms. ALMAQ (New Zealand) said that the General Assembly, in its resolution 49/233, had asked the Secretariat to issue a table twice a year summarizing the budgetary requirements of all peace-keeping operations. That had not been done, although it would certainly facilitate the Committee's work at the resumed session.

8. Mr. TAKASU (Controller) said that a table indicating the total cost estimates for all peace-keeping operations would be issued shortly.

9. The CHAIRMAN said that he took it that the Committee wished to proceed in accordance with the tentative programme of work, on the understanding that any adjustment that might be required would be made during the course of the resumed session.

10. It was so decided.

AGENDA ITEM 122: FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES IN THE MIDDLE EAST (continued) (A/50/694/Add.1)

(a) UNITED NATIONS DISENGAGEMENT OBSERVER FORCE (continued) (A/50/386/Add.1)

(b) UNITED NATIONS INTERIM FORCE IN LEBANON (continued) (A/50/543/Add.1)

11. Mr. TAKASU (Controller) said that the cost estimates for the United Nations Disengagement Observer Force (UNDOF) and the United Nations Interim Force in Lebanon (UNIFIL) were the first to be prepared in accordance with the new budget cycle of 1 July-30 June, applicable to all peace-keeping operations. The documents also reflected a new format based on the use of standard costs and ratios.

12. The cost estimates for UNDOF for the period 1 July 1996-30 June 1997, amounting to $31.4 million gross ($30.5 million net), reflected an overall decrease of 2.3 per cent gross compared with the preceding 12-month period, mainly due to the anticipated transfer of vehicles and equipment from liquidated missions and the exclusion of the provision for the support account. Action had recently been taken to reimburse troop costs to August 1995.

13. The cost estimates for UNIFIL for the period 1 July 1996-30 June 1997, totalling $122.7 million gross ($119.7 million net), reflected a 7.4 per cent decrease over the preceding 12-month period as a result of a reduction in average troop strength to 4,513 and the exclusion of the provision for the support account. The funding of local staff in the kitchens and workshops under general temporary assistance would be kept under review.

14. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) noted that the Secretary-General, in preparing the reports on the financing of peace-keeping operations before the Committee, had followed the suggestions and recommendations made by the Advisory Committee in its report on the mock-up budget for peace-keeping operations (A/50/319). While the Advisory Committee welcomed the new format as being more user-friendly, there was still considerable room for improvement.

15. In particular, there was a need to explain much more clearly the relationship between mandates, operational plans and related resources; to explain fully changes and variations between previous expenditure and proposed estimates; to streamline further tabular and narrative presentations; and to refine the presentation of voluntary contributions for budgeted and non-budgeted items, including the consistent application of the procedures set out in General Assembly resolutions 43/230 and 44/192 and in paragraphs 36 and 37 of the Advisory Committee's report contained in document A/44/725.

16. The Advisory Committee had noted the deletion by the Secretariat from the reports of the relevant support account amounts, on the assumption that the recommendations on the new method of budgeting and assessment for the support account would be approved by the General Assembly. ACABQ had nevertheless requested information on the amounts that would have been included had the

Secretariat followed the old procedure for estimating support account requirements.

17. The new financial year starting 1 July 1996 would require a change in the auditing cycle. The Advisory Committee intended to exchange views with the Board of Auditors to discuss the implications of switching from a biennial to an annual audit report for peace-keeping operations.

18. The absence of the final copy of the standard cost manual had made it difficult for the Advisory Committee to relate requests for funds to data in the standard ratio/cost manual. In future the manual should be made available to ACABQ as it examined peace-keeping budgets. In many instances, for example, the percentages for the estimates for mission-specific items had varied from those reported as contained in the standard cost ratios manual. It had appeared to the Advisory Committee that the ratios in the standard cost manual, for example, ratios of vehicles to personnel, had been altered to conform to the number of vehicles actually in the mission area, with the change being explained as due to operational requirements. The Secretariat should clarify the elements used in the calculation of mission-specific requirements.

19. The Advisory Committee's comments in its report on UNDOF/UNIFIL (A/50/694/Add.1) on the absence of performance reports for those missions also applied to estimates for other missions reported on by ACABQ. As the Advisory Committee had previously noted, it should have before it budget performance for previous periods and the latest financial data for the period in progress. Such timing of performance reports would enable ACABQ to submit recommendations to the General Assembly taking into account accurate budgetary performance reports and data for previous financial periods. The new budget and financial cycle should reduce problems in that regard. Taking into account the structure and content of the new budget format, future financial performance reports should provide information comparing the various indicators used to prepare the estimates with the outcome of budget implementation. He trusted that the information requested by ACABQ but not submitted in time, including a comprehensive table indicating total budgets and both military and civilian personnel for all peace-keeping operations, would be provided to the Fifth Committee.

20. As noted in the Advisory Committee's report on UNDOF/UNIFIL (A/50/694/Add.1), the United Nations Truce Supervision Organization (UNTSO), which was funded from the regular budget, had provided 81 military observers to UNDOF and 57 to UNIFIL, although the related cost of $21.3 million was not reflected in the budgets of those two missions.

21. The new format had brought out clearly the need to develop effective means of managing inventory and monitoring assets. The Advisory Committee had made frequent comment on the inadequacy of presentation and justification for estimates for new vehicles, equipment, furniture and other assets. The lack of a proper inventory management system made it impossible to ascertain what was currently available to the United Nations before additional funds were requested for the purchase of new assets or the replacement of existing stock. The Advisory Committee would make further recommendations after reviewing the report of the Secretary-General on asset management.

22. Lastly, he noted that ACABQ had prepared its reports in the majority of cases on the basis of an unedited advance text in English. That situation was not satisfactory, and did not imply that members of ACABQ had waived their right to consider documents in all official languages. Further, the information examined by ACABQ had been that presented to it in the reports of the Secretary-General and by his representatives, and subsequent events affecting estimates of expenditure had not therefore been taken into account. Nevertheless, pursuant to General Assembly resolution 49/233, the monthly authorization recommended by the Advisory Committee would ensure that no assessment was made on Member States beyond that required to implement specific mandates authorized by the Security Council.

23. Mr. ELZIMAITY (Egypt) noted that the Advisory Committee's report dated from March 1996, but that UNIFIL headquarters had been attacked and heavily damaged in April. He asked what the estimated amount of damage was, when the General Assembly would be informed as to its extent, and whether the $53 million appropriation mentioned in the report of ACABQ would cover the repairs.

24. Mr. AMARI (Tunisia) said that his delegation associated itself with the concerns expressed regarding the damage to UNIFIL headquarters which had occurred on 18 April. He would like to know if the cost of repairs was reflected in the report of the Secretary-General.

25. Mr. TAKASU (Controller) said that the cost estimates in the report of the Secretary-General dated from February 1996; the additional costs relating to the recent damage had not been taken into account. If possible, the additional requirements for premises and construction would be dealt with within the budget as submitted. If there was not enough flexibility to accommodate those requirements in the current budget, the provision for unforeseen expenses would be used, or if necessary, revised estimates would be submitted. He was awaiting the report from the Mission regarding the extent of its requirements for repairs.

AGENDA ITEM 123: FINANCING OF THE UNITED NATIONS ANGOLA VERIFICATION MISSION (continued) (A/50/651/Add.3, A/50/814/Add.1 and Corr.1)

26. Mr. TAKASU (Controller), introducing the report of the Secretary-General on the financing of the United Nations Angola Verification Mission (UNAVEM III) (A/50/651/Add.3), said that the Mission had been established by the Security Council in February 1995, and that its most recent mandate had been extended for three months until 8 May 1996. The proposed budget for a 12-month extension from 1 July 1996 through 30 June 1997 amounted to $335.1 million gross, which represented a 1 per cent increase. One of the factors involved in the increase was a proposed change in staffing structure, as set out in table 3 of the Secretary-General's report. The overall number of staff had not changed, but 52 local staff would be replaced by 52 international staff in order to strengthen the supervision of the tasks performed by the logistic support services contractor, as explained in paragraph 23. Reductions had been achieved in the areas of transportation and communications, fixed-wing air operations, mine clearance and demobilization and through the elimination of the naval force. Because of the changes in staffing, however, increases would be required for accommodation, supply and services.

27. In paragraph 35 of his report, the Secretary-General was requesting the appropriation of $84.6 million gross, which included $47.9 million to cover the period from 9 May to 30 June. Should the Security Council decide to extend the mandate of UNAVEM beyond 1 July 1996, the amount of $335.1 million gross would be required. It was important to note that the proposal to reduce local posts by 52 was linked to an increase in international staff; therefore, the Advisory Committee's recommendation to reject the increase of 52 international staff would not be workable.

28. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the report of the Advisory Committee (A/50/814/Add.1). As indicated in paragraph 4, the Controller had requested the concurrence of ACABQ to implement in the period January to June 1996 a number of activities and projects that for various reasons could not be implemented during the period ended 31 December 1995. Total resources for those activities amounted to $9.74 million. The Committee had granted the Controller the authority he sought, subject to the conditions listed in paragraph 5 of its report.

29. Comments on the proposal to abolish 57 posts, of which 52 were local, and to establish 57 international posts, were found in paragraphs 7 and 8. The Advisory Committee had noted that the primary reason to dispense with the 52 local and 5 General Service posts was that they were no longer necessary as a result of the logistic contractor, but that 57 international posts were required in part to provide support services for the supervision and monitoring of the logistic contractor. The Advisory Committee was not fully convinced by that argument, and had previously requested more information on contractual services to UNAVEM, but so far, none had been provided.

30. Election activities had been delayed, and as a result, the Mission was using the related posts to perform administrative duties. Even though ACABQ did not object to that redeployment, especially because of its recommendations in paragraph 8, it would consider whether additional posts would be needed for election purposes at the appropriate time. The Advisory Committee believed that 210 posts was an excessive number to coordinate a humanitarian assistance programme of $145.3 million. The Committee noted that UNAVEM had not been allowed to operate its own radio, but was producing some programmes for broadcast on Angolan radio. That being the case, there was little justification in the report of the Secretary-General for retaining all 36 posts originally requested for UNAVEM radio. In addition, the equipment purchased or transferred for radio operations, as indicated in paragraph 14, illustrated lapses in proper planning. Authority to operate a radio station should have first been obtained before procurement or transfer of equipment, which was currently in storage. The Advisory Committee had recommended approval of additional security personnel and trusted that the equipment in storage and other assets would remain secure. The recommendations of ACABQ could be found in paragraph 25 of its report.

AGENDA ITEM 125: FINANCING OF THE UNITED NATIONS MISSION FOR THE REFERENDUM IN WESTERN SAHARA (continued) (A/50/655/Add.1 and A/50/939)

31. Mr. TAKASU (Controller), introducing the report of the Secretary-General on the financing of the United Nations Mission for the Referendum in Western Sahara

(MINURSO), said that the Security Council, by its resolution 1042 (1996), had extended the mandate of the Mission by four months, to 31 May 1996. The Secretary-General would report in the near future on proposals for its extension past that date, but the report currently before the Committee had been prepared based on the assumption that the current staffing levels would be maintained. The requested appropriation of $52.3 million gross ($48.4 million net) represented a 22 per cent reduction in gross terms. The proposed budget reflected the actual cost of civilian staff and the current high vacancy rate because of changes in operations. In addition, the air operations had been streamlined and reorganized, resulting in cost reductions. In terms of staffing, one additional D-2 post had been requested.

32. If the Mission's mandate was extended for the period from 1 to 30 June 1996, appropriation and assessment of $5.59 million gross was requested. For the 12-month period beginning 1 July 1996, $52.3 million to be assessed at the rate of $4.3 million gross per month, would be required. Changes made by the Security Council in the mandate and size of the Mission could have an impact on costs; in that event, revised estimates would be submitted.

33. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on MINURSO (A/50/939), said that the Mission had been extended to 31 May 1996, and its future depended on action by the Security Council on the report of the Secretary-General, expected by 15 May. However, the Secretary-General had submitted estimates on the assumption that the Mission would be continued, and the Advisory Committee had reviewed the report on that basis. Should the Mission be discontinued, however, the Secretary-General was requested to submit revised estimates to the General Assembly.

34. Because of lack of progress in implementation of the plan of operation, there was a considerable number of vacant posts; the estimates had taken that situation into account by using a vacancy factor of 7.5. However, the vacancy rate might increase, leading to underexpenditure. That should be reflected in future performance reports. The Advisory Committee had welcomed the restructuring of air operations contracts pursuant to its recommendations, and noted that, even though 70 rather than 50 apartments were proposed for rental, costs were lower. However, the Advisory Committee recommended that contracts should be entered into only after ascertaining that operational development would require the deployment of staff to occupy the rented premises. In paragraph 20 of its report, the Advisory Committee recommended approval of the Secretary-General's proposals for appropriations and assessments to maintain the Mission, subject to action by the Security Council.

35. Mr. ZAHID (Morocco) said that, although the Committee's main concern was the administrative and financial aspects of MINURSO, his delegation wished to offer some clarifications regarding the responsibility for the impasse which had been reached in the identification process, as mentioned in paragraph 3 of the report of the Secretary-General. Morocco had accepted the conditions to be met by applicants as established in the report of the Secretary-General of 19 December 1991 (S/23299) and endorsed by Security Council resolution 725 (1991), although its concerns had not been entirely met. The other party, however, had rejected those conditions, despite efforts by the Secretary-General

to accommodate it. Morocco had shown flexibility, and desired to hold the long-awaited referendum as soon as possible.

36. As for the three tribal subgroups mentioned, Morocco had no objection to their inclusion, but the other party was refusing to recognize applicants from those groups.

37. Responsibility for the delay thus having been clearly established, his delegation requested the Secretariat to issue a corrigendum to the Secretary-General's report describing the true situation, in order to avoid any possible ambiguity.

38. Mr. MOKTEFI (Algeria) said that, while the Security Council was a more appropriate forum in which to discuss the substantive issues relating to MINURSO, his delegation reserved the right to comment on the statement made by Morocco at a later date.

AGENDA ITEM 131: FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCE IN CYPRUS (continued) (A/50/722/Add.1 and A/50/889)

39. Mr. TAKASU (Controller), introducing the report of the Secretary-General on the financing of the United Nations Peace-Keeping Force in Cyprus (UNFICYP) (A/50/722/Add.1), said that in its resolution 47/236 of 14 September 1993, the General Assembly had decided that the costs of the Force for the period from 16 June 1993 that were not covered by voluntary contributions should be treated as expenses of the Organization. The current mandate of UNFICYP would run until 30 June 1996. The estimated cost of maintaining the operation for a 12-month period from 1 July 1996 was $44,119,000 gross, including voluntary payments by the Government of Cyprus, which had agreed to finance one third of the Mission's net operating expenses. The Government of Greece had also pledged $6.5 million for the period; the remaining expenses would therefore be apportioned among the Member States.

40. The Secretary-General was requesting a 1.5 per cent increase in total gross resources for the coming 12-month period, reflecting largely the conversion of locally employed civilian staff to United Nations local staff.

41. As set out in paragraph 38 of the report, the General Assembly was being asked to approve the amount of $44.1 million gross for the maintenance of the Force for the period from 1 July 1996 to 30 June 1997 which included the voluntary contributions of the Governments of Cyprus and of Greece, and to appropriate an amount of $23,595,100 gross for the period 1 July 1996 to 30 June 1997, subject to extension of the Force by the Security Council.

42. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee's report on the financing of UNFICYP (A/50/889) was self-explanatory and he therefore had no further comments to make.

43. Mr. RIVA (Argentina) said that the figure of 1,080 hours for the use of two light observation helicopters provided by the Argentinian contingent represented a maximum, as no minimum had been specified, and that the hire rate for

observation flights was $831, not $900 as stated in the report. Moreover, the increase in estimates for air operations costs for the period under consideration was not due to the helicopters' providing night flying and observation capability, as stated in paragraph 22 of the Advisory Committee's report; rather, the source of the increase was to be found in the use of civilian contractors requested by the United Nations. In any case, the maximum amount to be paid for the helicopter flying hours was approximately $918,000, an amount lower than the lowest figures given in the Advisory Committee's report. He also requested clarification of the figure of $1,182,500 for the period from 16 June to 13 December 1994 given in the Advisory Committee's report as expenditure on that item "prior to the contract with the Argentinian Government", since, in point of fact, Argentinian helicopters had been used starting in October of that year. Moreover, he said that Argentina had received no reimbursement for the services of its helicopters since August of 1995.

44. Mr. ZHANG Wanhai (China) noted the absence of any mention of the support account in the Secretary-General's report and requested clarification of that omission with regard to UNFICYP, UNAMIR and other peace-keeping operation budget reports.

45. Mr. TAKASU (Controller) said that the Secretary-General had proposed submitting a separate cost estimate of the support account for the period from July 1996 onward; therefore, no provision for the support account had been included in the present report. Table 3 in paragraph 33 of the report dealt only with the cost estimate for the future period, but annex I provided the figure for the previous 12-month period. An explanation of the general procedure regarding provision of figures for funding the support account was given in annex II, section E, paragraph 12, of the report.

AGENDA ITEM 132: FINANCING OF THE UNITED NATIONS OBSERVER MISSION IN GEORGIA (continued) (A/50/731/Add.1 and Add.1/ Corr.1 and A/50/890)

46. Mr. TAKASU (Controller), introducing the report of the Secretary-General on the financing of the United Nations Observer Mission in Georgia (UNOMIG) (A/50/731/Add.1 and Add.1/ Corr.1), said that the UNOMIG mandate had most recently been extended until July 1996. The cost estimate of $17,115,300 gross for the 12-month period from 1 July 1996 to 30 June 1997 would provide resources for 135 military observers and 139 related civilian staff. The actions to be taken by the General Assembly were set out in paragraph 43 of the report, and included the appropriation of $7,606,650 gross for the period from 13 January to 30 June 1996 as already authorized and assessed under the terms of General Assembly resolution 49/231 B of 12 July 1995 and decision 50/449 of 22 December 1995, and the appropriation of $17,115,300 gross for the maintenance of the Mission for the period from 1 July 1996 to 30 June 1997, or a monthly assessment rate of $1,426,275 gross, subject to the extension of the Mission's mandate by the Security Council.

47. The current cost estimate represented a slight increase over that for the previous period, and reflected the staffing needs of the Office of the Deputy Special Envoy, the previous recruitment of international staff, and increases in local spare-parts and maintenance costs. However, the generous contribution of two aircraft by the Government of Switzerland had eliminated the factor of

charter costs that had accounted for much of the Mission's air-operations expense.

48. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) drew attention to the Advisory Committee's observations and recommendations in its report on the financing of UNOMIG (A/50/890).

AGENDA ITEM 137: FINANCING OF THE UNITED NATIONS MISSION OF OBSERVERS IN TAJIKISTAN (continued) (A/50/749/Add.1 and A/50/933)

49. Mr. TAKASU (Controller), introducing the report of the Secretary-General on the financing of the United Nations Mission of Observers in Tajikistan (UNMOT) (A/50/749/Add.1), said that the Mission's mandate had most recently been extended until 15 June 1996, and that its estimated cost for the period from 1 July 1996 to 30 June 1997 was $7,302,500 gross, a 15 per cent decrease compared to the previous 12-month period that reflected lower costs for air operations and military personnel and the exclusion of the provision for the support account for peace-keeping operations during the budget period. The decrease had been partly offset by increases in civilian staff costs resulting from the 15 additional posts authorized by the Advisory Committee.

50. The action to be taken by the General Assembly, as set out in paragraph 28 of the report, was the appropriation of $7,302,500 gross for the 12-month period beginning 1 July 1996, to be assessed at a monthly rate of $608,542 gross subject to extension of the Mission by the Security Council.

51. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) drew attention to the Advisory Committee's observations and recommendations in its report on the financing of UNMOT (A/50/933).

52. Mrs. EMERSON (Portugal) said that, given the high cost of peace-keeping operations, she was concerned about the measures to be taken by the Secretariat in cases where the staff involved in administering large sums of money did not live up to the high standards of competence and integrity expected of them. She requested clarification of the procedures available to the Secretariat when such persons were permanent staff members and therefore not easily dismissed, and whether such persons were simply transferred to other missions.

53. Mr. TAKASU (Controller) said that a series of reforms had been instituted in the financing of peace-keeping operations over the previous four years. Financial arrangements and budgetary procedures had been made more orderly and systematic, but the rapid overall growth in peace-keeping operations had occasionally necessitated the use of outside contractual personnel and in some cases retired staff in the areas of procurement, personnel and general services. Stricter vetting procedures and training programmes had been instituted for mission personnel in general, and standards of accountability had been established for evaluating their performance.

AGENDA ITEM 117: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS (continued) (A/50/666/Add.5)

54. Mr. CONNOR (Under-Secretary-General for Administration and Management), introducing the report of the Secretary-General contained in document A/50/666/Add.5, said that the financial situation of the Organization remained precarious, although there had been some improvements.

55. As of 30 April 1996, the Organization's expected regular budget cash balance had been $79 million, but the actual balance had been close to zero because three Member States had not paid as had been projected, others had paid earlier than projected, and because the usual minor variations had occurred between estimates and actual receipts. Nevertheless, there had been greater than expected cash inflow in the peace-keeping budget category. He therefore deemed it possible, feasible and prudent to consider short-term borrowing from the peace-keeping budgets to augment the negative balance in the regular budget.

56. Significant changes since the February forecast included the approval by the United States Congress of additional funding in the amount of $304 million for the regular budget for 1995 and $359 million for peace-keeping operations. $313 million had already been received under continuing spending resolutions of the United States Government, and an additional $94 million had been previously anticipated in United Nations cash forecasts. The net effect of those developments was that the Organization had $122 million more for the regular budget and $134 million more for peace-keeping than previously forecast. Moreover, the Russian Federation had announced its intention to pay $400 million to the United Nations in 1996, with a net effect of exceeding the forecast for peace-keeping by $275 million. The combination of the two States' commitments amounted to a $531 million increase in the Organization's cash resources for the year.

57. The original forecast for the regular-budget cash position at 30 June 1996 had been $36 million, but had been revised to $129 million, the need to borrow therefore being postponed from the end of June to the end of August. The forecast for the regular budget at 31 December 1996 had been minus $420 million, but the new inflow of cash resulting from $122 million in additional payments on 1995 assessments by the United States and $113 million in anticipated payments on 1996 United States assessments, offset by $13 million in other forecast changes, had allowed that figure to be revised to minus $198 million.

58. The original peace-keeping cash estimate for 31 December 1996 had been $340 million, but the new forecast called for a figure of $586 million, due again to additional payments of $225 million from the United States, $275 million in anticipated additional payments from the Russian Federation, and $21 million in other changes in operating costs and contributions, offset by $275 million in possible troop and contingent-owned equipment costs.

59. Combining the regular and peace-keeping budget forecasts produced a cash position of $388 million by the end of 1996. That figure represented $586 million for peace-keeping, offset by minus $198 million for the regular budget. The combined cash flow was thus forecast to be positive, but the regular-budget cash situation was still substantially negative. Looking ahead

to 31 December 1996, besides the minus $198 million figure for the regular budget, the United Nations would still be owed $2.1 billion, of which $1.3 billion would be owed by the United States; the United Nations in turn would owe Member States $725 million for their contributions of troops and equipment to peace-keeping operations. Thus despite the overall improvement in the Organization's cash flow, the situation remained precarious.

60. Mr. BROWN (Ghana) said that the United Nations was no closer to finding a solution to its precarious financial position. The Organization's cash flow had not changed for the better because a number of countries, including some of the largest contributors, had neither paid their contributions nor made good on their arrears. His delegation wished to reiterate the assertion of the Group of 77 and China that the origin of the financial crisis stemmed from a failure to pay assessed dues promptly without any conditions, and not from any problem with the scales of assessments. It was also incumbent on all Member States, particularly those which were not in any form of distress, to endeavour to pay their arrears within a reasonable time-frame.

61. The problem of non-payment was political. Ghana applauded the Secretary-General's intention to appeal directly to the Heads of Government of countries in arrears, requesting them to pay up. His delegation also hoped that the Secretary-General would live up to his promise to convene a special session of the General Assembly to discuss the financial situation of the Organization.

62. The time had come to consider taking drastic measures against Member States to compel them to discharge their obligations to the United Nations. At the same time, States that paid in full and on time should be compensated somehow, and not made to suffer unduly because of the intransigence of a few States which were able to pay but were unwilling to do so for selfish reasons. For example, the entire question of the award of contracts should be reviewed to prevent any benefit accruing to Member States that were indebted to the Organization. It was obvious that a handful of defaulting States were getting far more out of the Organization than they were giving to it. The option of charging interest on unpaid contributions should also be considered.

63. He noted that defaulting States had often argued that disincentive schemes were wider in scope than those provided for under Article 19 of the Charter and were legally questionable. A greater demonstration of political will on the part of the majority of Member States was needed to counteract the intransigence of a powerful few.

64. No less an issue of concern was the high degree of wastage and overlap in the United Nations system. Much had already been said about those tendencies, but little had been done to curb them. Unlike the question of the scale of assessments, the resolution of such problems would have an immediate beneficial impact on the Organization's cash flow. A glaring example of duplication was the proliferation of procurement divisions among the various departments of the Secretariat. Significant cost savings could be achieved through mergers and rationalization. In the same context, it was often not unusual to find various United Nations agencies undertaking exactly the same kinds of projects in the fields of health, education and sanitation. If such examples of overlap and waste were done away with, the pressure on contributors would lessen, thereby

enabling them to discharge their obligations to the Organization more easily. A thorough review of the whole issue of duplication was urgently needed.

65. Further obvious examples of waste were encountered during the start-up and liquidation phases of peace-keeping operations. Projected budget estimates frequently turned out to be vastly overestimated or underestimated. His delegation would welcome the formation of a small expert body within the Department of Peace-keeping Operations whose sole task would be to accurately assess and project the requirements of peace-keeping missions.

66. Ghana was not a rich country, but it always made an effort to pay its dues to the Organization in full and on time. He urged all Member States to meet their legal obligations under the Charter.

67. Ms. PEÑA (Mexico) said that document A/50/666/Add.5 contained no mention of recent voluntary contributions to peace-keeping operations, in particular a payment of $3 million by South Africa for peace-keeping operations in the African region. Her delegation would like to see such contributions reflected in official documents. She also wished to remind the Under-Secretary-General that the Secretariat had promised to publish and circulate a document that would provide a breakdown of the specific amounts claimed by Member States pursuant to General Assembly resolution 50/83 on the normalization of the situation concerning South Africa.

68. Mr. HANSON (Canada) said that the financial woes of the United Nations were primarily attributable to the non-payment of dues by the largest contributor, but slightly less than half of the outstanding debt was owed by other countries whose rates of assessment were excessively high in relation to their capacity to pay. He agreed with the Under-Secretary-General's view that the situation was still far from reassuring and registered his particular concern about the legitimacy of cross-borrowing from peace-keeping operations when money was still owed to troop contributors.

69. Ms. ALMAO (New Zealand) recalled that the Secretariat had expected to reimburse $50 million to troop contributors by the end of April. She noted, however, that the forecast balance of cash reserves had been much lower than expected at the end of April because of delayed payments from three Member States and asked whether the change in the cash-flow situation meant that the reimbursement would also be delayed.

70. Mr. ALOM (Bangladesh) said that the only practical and acceptable way of resolving the financial crisis was for major contributors to pay in full and on time. The negative attitude of those contributors had led directly to the current crisis. Too much time had been devoted to matters of secondary importance and not enough to exerting pressure on the major contributors. The Charter made it clear that payment of assessed contributions was a legal obligation; linking the payment of contributions to any conditions whatsoever was therefore totally unacceptable. He wondered whether paragraph 7 of the report of the Secretary-General (A/50/666/Add.5) implied that such a linkage had in fact been made.

71. Mr. TOYA (Japan) urged the United States Government to pay its assessed contributions in full and without conditions. He wished to inform the Committee that, owing to the timing of the financial year in Japan, contributions to the United Nations budget after 1 April 1996 could not be made until the Japanese Parliament had approved the national budget.

72. Ms. HOLLAND (United Kingdom) endorsed the Canadian concern about the legality of cross-borrowing from peace-keeping operations and requested that the matter should be looked at in detail by the Legal Counsel.

73. Mr. ODAGA-JALOMAYO (Uganda) endorsed the Mexican request that all income should be reflected in official documents, and asked the Under-Secretary-General to comment on what had been done with voluntary contributions made by United States citizens to the United Nations budget.

74. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the South African contribution mentioned by the representative of Mexico had been included in the $21 million aggregate adjustment of the forecast. Document A/50/666/Add.5 focused on trends rather than details, but the contribution would be clearly signposted in the more detailed report on contributions that was issued monthly. Regarding the publication of a list of Member States to which the Organization owed money, he recalled that such a list had been published as of 31 December 1995.

75. He agreed that the phenomenon of cross-borrowing was undesirable, but indicated that the alternative was even more unpalatable. Nevertheless, he would instruct the Office of Legal Affairs to look into the legality of the practice. Responding to the question on reimbursement asked by the representative of New Zealand, he confirmed that $50 million had been paid on the troop contribution debt. However, further instalments had been delayed as regular budget cash had diminished, but payment would be resumed on receipt of anticipated income.

76. Individual payments to the United Nations by United States citizens were usually sent via Senators and Congressmen. The amounts received had not been offset against the amounts due from the United States; instead they had been credited to a reserve fund against which the Organization could borrow at a later date.

77. Regarding the concern raised by the delegation of Bangladesh, he confirmed that payment of United States contributions had indeed been legislated on the understanding that certain conditions would be met, but the stipulations of national legislation were outside the control of the United Nations.

78. Ms. PEÑA (Mexico) explained that she had been referring to a list showing a breakdown of the amounts in which each Member State had waived its reimbursement claim in respect of the surpluses generated during budget periods between 30 September 1974 and 23 June 1994. No such list had yet been published.

79. Mr. TAKASU (Controller) said that the calculations involved were extremely detailed and time-consuming. However, the work had been completed and it was simply a matter of putting the data into a readily accessible form. The

Secretariat hoped to be able to make the relevant information available to Member States very shortly.

80. Ms. PEÑA (Mexico) said that her delegation would await the issuance of the document; if it was not issued, she would raise the matter again. In her view, one and a half months should have been quite sufficient to carry out the mandated task.

AGENDA ITEM 116: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997 (continued)

Programme budget implications of draft resolution A/50/L.72 concerning agenda item 45 (continued) (A/50/L.72 and A/C.5/50/59)

81. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had considered the statements of the Secretary-General on the programme budget implications of draft resolution A/50/L.72 relating to the United Nations Office of Verification in El Salvador, the successor to the Mission of the United Nations in El Salvador (MINUSAL).

82. Under the terms of draft resolution A/50/L.72, the General Assembly would decide to establish a small United Nations Office of Verification to follow up pending aspects of the peace accords in El Salvador. The Secretary-General had estimated that an amount of $1,130,500 would be required under section 3 of the programme budget for the biennium 1996-1997 for the continuation of the United Nations presence in El Salvador from 1 May 1996 to 31 December 1996. An additional appropriation of $135,900 would be required under section 32 (Staff assessment), offset by the same amount under income section 1 (Income from staff assessment). The Committee believed that the amount requested would not be required in its entirety and that economies could be realized in various items of the budget. In particular, the amount requested for travel purposes was felt to be in excess of actual requirements. The Committee had also recommended that the Secretary-General should make every effort to obtain contributions from the host Government in respect of rental and maintenance of premises.

83. With reference to the trust fund established for MINUSAL, an unexpended balance of $30,213 would be available for expenditure on the Office. The Advisory Committee noted that operative paragraph 5 of the draft resolution requested the Secretary-General to carry out the activities of ONUV within existing resources and to submit to the General Assembly proposals on possible means of absorption in the programme budget for the biennium 1996-1997.

84. The Advisory Committee recommended that the Fifth Committee should inform the General Assembly that, should it adopt draft resolution A/50/L.72, including the phrase "within existing resources", the phrase should be interpreted to mean that the Secretary-General should enter into commitments up to the amount indicated in his statement of programme budget implications and that such eventual additional appropriation as may be required would be considered by the General Assembly in the context of its first performance report for the biennium 1996-1997.

85. Ms. SHENWICK (United States of America) asked whether it might not be more accurate to say that the efficiency savings which the Secretary-General referred to in paragraph 9 of document A/C.5/50/59 were in fact non-budgeted expenditures and not cost reductions. The United States delegation would also be willing to defer consideration of whether expenditure for the Office could be absorbed pending receipt of the Secretary-General's report due on 15 May.

86. Mr. TAKASU (Controller) explained that when the Secretary-General had submitted his initial programme budget proposals for 1996-1997, he had presented a comparison with the budget for the previous biennium. The appropriation for 1994-1995 had been $2,619 billion; the budget for 1996-1997 had been estimated at $2,510 billion before recosting. The difference between the two figures was made up of various elements which included but did not exclusively comprise efficiency gains. Having said that, the Secretary-General had followed well-established budgetary procedures as far as the financing of missions was concerned. In particular, the General Assembly had decided against including in the budget anything which was not covered by a legislative mandate.

The meeting rose at 6.15 p.m.